

Message Text

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TAGS: BEXP, BMEP, ENRG, HO

SUBJ: MAJOR TRADE OPPORTUNITY: FURTHER ON EL CAJON HYDROELECTRIC
PROJECT

REF: TEG 680 (2/15/74); TEG A-51 (5/3/73)

1. MANAGER OF ENEE (HONDURAN ELECTRICAL ENERGY COMPANY) TOLD COMATT MAY 16 THAT RECENT DISCUSSIONS WITH IBRD LED TO DECISION TO BRING THREE MAN TECHNICAL COMMISSION PRESENTLY WORKING WITH THE "COMISION FEDERAL DE ELECTRICIDAD DE MEXICO" TO MAKE INDEPENDENT OBJECTIVE STUDY OF EL CAJON HYDROELECTRIC PROJECT. STUDY TO TAKE APPROX. ONE MONTH (I.E. READY BY END OF JUNE) AND WILL COVER THREE ASPECTS: FEASIBILITY OF THE PROJECT IN GENERAL TERMS, THE BEST TIME-TABLE TO IMPLEMENT THE PROJECT (E.G. IN STAGES), AND THE ECONOMIC-FINANCIAL CONSIDERATIONS. IBRD ALSO TO MAKE AVAILABLE EXPERT IN PUTTING TOGETHER FINANCING PACKAGES (INVOLVING FUNDS FROM INTERNATIONAL LENDERS, SUPPLIERS CREDITS, EXIM, ETC.) TO GIVE HIS RECOMMENDATIONS.

2. ENEE MANAGER STATED THAT ASSUMING ABOVE EXAMINATION PROVES FAVORABLE, GOH WOULD HOPE TO BEGIN NEGOTIATIONS FOR NECESSARY LOANS TO CARRY OUT PROJECT LATTER PART OF 1974. BIDDING, ADJUDICATING, ETC. WOULD BE HELD IN 1975; CONSTRUCTION 1976-80; BEGINNING OPERATIONS IN 1981. HE ESTIMATED PROJECT COST NOW ABOUT \$300 MILLION.

3. IN THE MEANTIME MOTOR COLUMBUS (SWISS CONSULTING FIRM) WILL CONTINUE WORK ON THE PRELIMINARY FEASIBILITY STUDY FOR EL NARAN-
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JITO IN THE EVENT A DECISION IS ULTIMATELY MADE AGAINST EL CAJON.

HE SAID EMPHASIS NOW ON EL CAJON IS RESULT OF CURRENT
BELIEF THAT UNDERTAKING SMALLER, INTERIM PROJECTS AND POST-
PONING EL CAJON WOULD PLACE HONDURAS IN UNFAVORABLE DEBT SITUATION
VIS-A-VIS IBRD WHEN DECISION FINALLY MADE TO UNDERTAKE EL CAJON.
DELAY ALSO WILL LEAD TO AN INCREASE IN PROJECT'S COST.

4. ACTION REQUESTED: DEPARTMENT PLEASE ALERT U.S. ENGINEERING
ON CONSTRUCTION FIRMS ABOUT THESE LATEST DEVELOPMENTS AND EN-
COURAGE THEM TO CONTACT ENEE AND/OR IBRD ASAP. ENEE MANAGER
MENTIONED CHAS. T. MAIN OF BOSTON AS POSSIBLY INTERESTED IN
ENGINEERING FOR PROJECT. ENEE MANAGER AND ADDRESS:

ING. JOSE DALMIRO CABALLERO
EMPRESA NACIONAL DE ENERGIA ELECTRICA
AP. POSTAL 99
TEGUCIGALPA, HONDURAS
(TEL. 22-8466; TELEX 1128 ENEE HT)
SANCHEZ

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